

## **The complaint**

Mr M complains Commsave Credit Union Limited (CCU) acted irresponsibly by lending to him.

## **What happened**

In September 2025, Mr M took out a fixed sum loan with CCU. He borrowed £1,000, and the agreement required him to make 12 monthly repayments of £94.56.

In October 2025, Mr M complained to CCU about their irresponsible decision to lend to him.

CCU didn't uphold Mr M's complaint, saying as part of his application they had conducted a series of checks which included obtaining data from the credit reference agencies (CRAs), which they considered alongside income and expenditure details declared by Mr M at the time of the application.

Mr M disagreed with CCU's response, so asked our service to investigate. He said CCU had given him the loan without proper checks. He said he was declined for a subsequent loan due to the information on his bank account statements and had they done these checks prior to the first loan, it would have been declined too.

One of our Investigators looked into things but didn't uphold Mr M's complaint. He thought the checks CCU carried out prior to the approved loan were reasonable and because those checks showed Mr M likely had a significant amount of disposable income, he didn't think CCU had acted unfairly by deciding to lend to him.

Regarding the declined application, our Investigator said as this application was near immediately after the first loan, he was satisfied CCU's approach to have applied a higher level of checks was correct, and based on what those checks revealed, he thought they'd acted fairly by declining his application on this occasion.

Mr M remained unhappy saying he had a bad gambling problem at the time and still does have now. He remained of the opinion CCU hadn't done proper checks as his existing credit debt was more than they say and if they had done, they'd have known his income wasn't what he told them it was.

Our Investigator said he thought the level of checks CCU had carried out were reasonable to the level of lending. So, because Mr M remained unhappy, this case has been passed to me to decide.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, although I appreciate it'll be a disappointment to Mr M, I'm not upholding his complaint and for much the same reasons as our Investigator. I'll explain why.

### What's required of lenders?

Mr M's loan agreement with CCU is an exempt agreement and therefore isn't subject to all the usual consumer credit regulations such as CONC. But it is subject to the provisions set out in the Financial Conduct Authority's (FCA's) Credit Unions Sourcebook (CREDS).

Chapter 7 of CREDS says a credit union must maintain and implement a prudent and appropriate lending policy and that this should consider the handling of applications for lending. And it says it seeks to protect the interests of credit unions' members in respect of loans to members.

Taking all this together, it's clear the FCA recommends that a credit union's lending policy needs to protect members' interests. This suggests the credit union needs to check whether a loan would be sustainably affordable for an applicant as well as the creditworthiness of that applicant – as the members' interests wouldn't be protected if the applicant later defaulted on their loan. In summary, it's reasonable to assume that before providing this loan CCU needed to consider Mr M's financial circumstances and the affordability of the loan for him.

### Did CCU carry out enough checks?

CCU completed a review of Mr M's credit file at the time and took into consideration the information he'd declared within his application.

Mr M told CCU he was living with parents at the time and had no dependants. He also told them he was in full-time employment earning £2,500 net per month. Mr M also told CCU he was in receipt of regular benefits of £550 a month. So based on Mr M's declaration, CCU accepted Mr M was in receipt of around £3050 income per month.

CCU obtained data from the CRAs from which they got a better understanding of his existing and historic credit.

The CRA data showed Mr M had minimal existing outstanding credit, owing a total of £997 across both his unsecured revolving and non-revolving credit. While Mr M had eight active accounts, the data showed he'd settled a further five. While the data showed Mr M had no County Court Judgements against him, CCU could see Mr M had defaulted on two accounts in the 36 months prior to the application, however that neither of these had occurred in the 12 months prior.

CCU did also see two delinquent accounts which had occurred in the 12 months prior, a credit card to which a balance of £89 was owed and another account to which a £148 balance was owed.

CCU then went on to consider Mr M's declared expenditure which totalled around £579. This consisted of £50 towards utilities, £23 towards telephone and television, £250 towards food and housekeeping, around £95 towards existing credit commitments, £100 towards transport and £61 towards insurances.

I'm satisfied even if Mr M's actual expenditure had been slightly higher, or if his housing situation was to have changed in the future, his disposable income appeared to be substantial enough to have absorbed those variances. I think given the modest loan and equally modest accompanying repayments, alongside the relatively short term of the lending, CCU's checks were enough. And based on the results of those checks, I wouldn't have expected them to do more before deciding whether to lend to him.

But this doesn't automatically mean MCB went on to make a fair lending decision – it's this

I'll go on to look at next.

#### Did CCU make a fair lending decision?

Having decided that the checks CCU carried out were enough, I now have to consider if their decision to go on and lend to Mr M was a fair one.

While I think Mr M's CRA data showed CCU signs of him being in some previous financial difficulties, at the time of the application he was managing his existing credit well, and they saw that existing credit as being minimal.

CCU took Mr M's declared income and expenditure and went on to calculate he was likely to have a significant disposable income each month.

Given all the information CCU gathered, and considering the size and term of the loan, I'm satisfied they found him likely to have sufficient disposable income to sustainably afford the loan. It follows; I'm also satisfied CCU acted fairly by going on to decide the agreement was likely affordable for him.

#### Declined loan

Mr M's second application was made three days after him having been approved for the first loan. The immediate nature of the request for additional borrowing prompted CCU to complete further checks in the form of them requesting bank account statements and based on a high level of gambling transactions noticed on the account, the loan was declined. I don't think CCU did anything wrong here.

I'm aware Mr M feels strongly that CCU's checks for the original loan ought to have involved them reviewing his bank statements also. But for the reasons I've already explained, I'm satisfied the checks carried out for the approved loan were enough. But it's then I think expected that receiving a further application, so soon after a loan having been taken out, that it would be reasonable for a higher level of checks to be considered reasonable.

#### Did CCU treat Mr M unfairly in any other way?

I've also considered whether CCU acted unfairly or unreasonably in some other way given what Mr M has complained about, including whether their relationship with Mr M might have been unfair under s.140A Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think CCU lent irresponsibly to Mr M or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

#### **My final decision**

For the reasons I've explained above, my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 April 2026.

Sean Pyke-Milne  
**Ombudsman**